

State of Alaska FY2003 Governor's Operating Budget

Department of Transportation/Public Facilities Marine Vessel Operations Component Budget Summary

Component: Marine Vessel Operations

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Component Mission

To provide safe, reliable and efficient transportation of people and vehicles between Alaskan communities, Canada and Bellingham, Washington.

Component Services Provided

The AMHS Marine Fleet Operations Component consistently meets the transportation needs of a diverse group of travelers. In FY01, AMHS transported over 335,000 passengers and over 97,500 vehicles. The multi dimensional services offered by the AMHS, including cross Gulf of Alaska sailings, provide a vital year round transportation link between road systems and many isolated Alaskan villages and towns. Moreover, this link allows for rapid delivery of perishable goods and products such as fresh produce and fresh Alaskan seafood. The transportation of essential construction equipment and materials plays a key role in supporting economic development. By the same token, transporting tourists to Alaskan communities injects revenue directly into local economies.

Component Goals and Strategies

To operate a safe, reliable and efficient fleet of Roll-on/Roll-off passenger vessels year round.

Provide quality services to every customer of the AMHS and improve our customer satisfaction ratings by training our

- crews in customer relations and food services.
- New ferry schedule alternatives are being explored to provide greater capacity where capacity has been constrained during periods of high demand. For instance, there is a growing market demand for increased cross Gulf of Alaska service.
- Adjust AMHS fleet to provide more efficient service in Southeast when the IFA ferry assumes the Ketchikan to Prince of Wales Island route in January 2002.
- Maintain compliance with the International Safety Management (ISM) Code fleet wide.
- Train and certify all vessel employees to STCW (basic safety training) standards before February 1, 2002.

Key Component Issues for FY2002 – 2003

Increased operating costs, decreased general fund support and stagnant ridership have contributed to the depletion of the stabilization fund. The fund has been a critical tool for providing predictable service to communities. Without adequate financial support, the AMHS cannot provide the steady, stable, dependable and predictable service Alaskans and visitors to Alaska have relied on the past 10 years. .

Additional component issues include completing Basic Safety Training certification and specialized training for all designated AMHS mariners and maintaining and updating Safety Management System (SMS) required by the ISM Code. The AMHS will incorporate the IFA vessel (Hollis to Ketchikan service) into its operation and AMHS will maintain cross Gulf of Alaska service to match growing customer demand.

Major Component Accomplishments in 2001

- The M/V Malaspina was rerouted to provide service to Bellingham due to the Columbia's delayed return because of an electrical fire. This delay occurred at the start of the busiest time of the year for Marine Fleet Operations. Thousands of reservations previously made for travel onboard the Columbia had to be changed each week the ship was delayed. Additionally, the AMHS had to develop an innovative schedule using M/V Taku to provide service through Prince Rupert and North Lynn Canal.
- Nearly 50% of all maritime employees were trained in mandatory Basic Safety Training through computer based training and practical demonstration training.
- A ship to shore communications link was established via email and local area network aboard all AMHS vessels.

Statutory and Regulatory Authority

AS 19
AS 44

Marine Vessel Operations

Component Financial Summary

All dollars in thousands

| | FY2001 Actuals | FY2002 Authorized | FY2003 Governor |
|---------------------------------|----------------|-------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 0.0 | 0.0 | 51,681.6 |
| 72000 Travel | 0.0 | 0.0 | 457.0 |
| 73000 Contractual | 0.0 | 0.0 | 7,025.2 |
| 74000 Supplies | 0.0 | 0.0 | 14,649.0 |
| 75000 Equipment | 0.0 | 0.0 | 0.0 |
| 76000 Land/Buildings | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Claims | 0.0 | 0.0 | 0.0 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 0.0 | 0.0 | 73,812.8 |
| Funding Sources: | | | |
| 1076 Marine Highway System Fund | 0.0 | 0.0 | 73,812.8 |
| Funding Totals | 0.0 | 0.0 | 73,812.8 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2001 Actuals | FY2002 Authorized | FY2002 Cash Estimate | FY2003 Governor | FY2004 Forecast |
|---------------------------------|------------------------|----------------|-------------------|----------------------|-----------------|-----------------|
| Unrestricted Revenues | | | | | | |
| Unrestricted Fund | 68515 | 0.0 | 0.0 | 0.0 | 40,600.0 | 40,600.0 |
| Unrestricted Total | | 0.0 | 0.0 | 0.0 | 40,600.0 | 40,600.0 |
| Restricted Revenues | | | | | | |
| None. | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Restricted Total | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total Estimated Revenues | | 0.0 | 0.0 | 0.0 | 40,600.0 | 40,600.0 |

Marine Vessel Operations

Proposed Changes in Levels of Service for FY2003

- Incorporate IFA service to Prince of Wales Island into AMHS reservations system and operational scheduling.
- Provide twice weekly service from Bellingham to Alaska. Spring 03 – Shift non-SOLAS M/V *Malaspina* to weekly
- Bellingham run alongside M/V *Columbia* to meet customer demands and match vessel capacity to these demands. Additional Cross Gulf trips by M/V *Kennicott* connecting Southeast and South Central Alaska.
- Additional service to PWS and SW Alaska by M/V *Kennicott* during absence of M/V *Tustumena* during extended overhaul.
- Commission Metlakatla ferry (yet to be named) in May 2003 providing revolutionary daily service to/from Metlakatla.
- Upon addition of Metlakatla ferry in Southeast, shift M/V *Aurora* to PWS to replace M/V *E.L. Bartlett* (surplus)
- Shift M/V *Taku* to modified Prince Rupert – North Lynn Canal service to use SOLAS capability and match North Lynn customer demand.
- Shift M/V *Matanuska* to twice weekly Prince Rupert service to match SOLAS capability and maximize capacity to ship fresh seafood out of Alaska.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|---|----------------------|----------------------|--------------------|--------------------|
| FY2002 Authorized | 0.0 | 0.0 | 0.0 | 0.0 |
| Adjustments which will continue current level of service: | | | | |
| -Transfer Southeast Vessel Operations, funding and positions, to Marine Vessel Operations | 0.0 | 0.0 | 57,425.6 | 57,425.6 |
| -Transfer Southwest Vessel Operations, funding and positions, to Marine Vessel Operations | 0.0 | 0.0 | 10,669.3 | 10,669.3 |
| -Year 3 Labor Costs - Net Change from FY2002 for vessel employees | 0.0 | 0.0 | 1,474.2 | 1,474.2 |
| -Year 3 Labor Costs - Net Change from FY2002 | 0.0 | 0.0 | 9.3 | 9.3 |
| Proposed budget increases: | | | | |
| -Increased fuel prices | 0.0 | 0.0 | 280.0 | 280.0 |
| -Restore operating weeks to FY99/FY00 planned service levels | 0.0 | 0.0 | 3,954.4 | 3,954.4 |
| FY2003 Governor | 0.0 | 0.0 | 73,812.8 | 73,812.8 |

Marine Vessel Operations
Personal Services Information

| Authorized Positions | | Personal Services Costs | | |
|-----------------------------|--------------------------|--------------------------------|----------------------------------|----------------|
| | <u>FY2002</u> | <u>FY2003</u> | | |
| | <u>Authorized</u> | <u>Governor</u> | | |
| Full-time | 0 | 646 | Annual Salaries | 185,338 |
| Part-time | 0 | 147 | COLA | 6,684 |
| Nonpermanent | 0 | 0 | Premium Pay | 7,529 |
| | | | Annual Benefits | 79,183 |
| | | | <i>Less 0.00% Vacancy Factor</i> | (0) |
| | | | Lump Sum Premium Pay | 0 |
| Totals | 0 | 793 | Total Personal Services | 278,734 |

Position Classification Summary

| Job Class Title | Anchorage | Fairbanks | Juneau | Others | Total |
|-------------------------------|------------------|------------------|---------------|---------------|--------------|
| Personnel Asst I | 0 | 0 | 0 | 1 | 1 |
| Personnel Asst II | 0 | 0 | 2 | 0 | 2 |
| Stock & Parts Svcs Journey II | 0 | 0 | 0 | 2 | 2 |
| Totals | 0 | 0 | 2 | 3 | 5 |